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JELEX MINES LIMITED

TO THE SHAREHOLDERS:

Herewith are submitted the Financial Statements of the Company for the eight months period, ended Dec. 31, 1966, together with the Notice of the Meeting of Shareholders to be held in Toronto on April 28th, 1967. The decision to change the Company's year-end was made in order to simplify accounting procedures and to bring these in line with other Companies with which Jelex Mines has common interests.

GASPE

LESSEPS OPTION — This property consists of twenty claims, adjoining west of the Terra Nova discovery. The Company carried out detailed geophysical, geological and geochemical surveys and drilled a total of eleven holes. This work disclosed the presence of widespread sections of skarn and also located two mineralized areas, which contain small amounts of copper mineralization. Further work is planned.

ANTIPODES EXPLORATIONS — Jelex Mines acquired, at cost, a 15% interest in forty-five claims, adjoining south of the above optioned group. Geophysical and geochemical surveys were carried out and two diamond drill holes put down. The drilling program was suspended during the winter and will be continued when weather conditions permit.

GENERAL — The Company carried out preliminary exploration on the balance of its large Gaspé holdings and, as a result, retains varying interests in a total of 228 claims. Two new groups of nine claims each were staked in Boisbuisson Township. Follow-up geophysical work is planned for several locations and at present a crew is doing magnetometer work on the Holland Township claim group. This comprises a total of 165 claims with the interest being Jelex Mines 25%, Frobex Ltd. 50% and Canadian Nisto Mines 25%.

NEW BRUNSWICK — During the past year, the Company has acquired, by staking, several claim groups in the Province of New Brunswick. These acquisitions were based on reconnaissance geochemical indications and the recently released results of a geochemical survey, carried out by the Geological Survey of Canada. The properties consist of a 90% interest in 99 claims in the Jacquet River area and 72 claims at Wildcat Brook, a 100% interest in 44 claims at Forty-Four Mile Brook and a 66 $\frac{2}{3}$ % interest in 158 claims in the Patapedia area on the boundary between Quebec and New Brunswick. The Company proposes to carry out further geochemical prospecting as the initial step in an exploration program.

HAVRE-ST. PIERRE URANIUM AREA — QUEBEC — The Company has just completed the staking of seventy claims in the above area. The claims cover part of a granite intrusive located about three miles west of a similar granite area, within which the recently announced uranium discoveries have been made by Consolidated Morrison, Frobex Ltd. et al. A program of geiger prospecting is proposed for this property.

MISCELLANEOUS — The Company drilled two holes to test electromagnetic anomalies in Jamieson and Reid Townships in the Timmins area without obtaining any significant results. No further work is planned for these properties.

The Company staked thirty-six claims in two groups in Pitt and Valentine Townships in the James Bay area of Northern Ontario. They are located in the general region, where kimberlite occurrences have been reported.

The Company's properties in Poirier and Galinee Townships and the Little Long Lac claims, as well as certain of the Maine holdings, have been kept in good standing.

Respectfully submitted on behalf of the Board of Directors.

E. M. DILLMAN, President.

April 8, 1967.

JELEX MIN

(Incorporated under the laws of the Province of Ontario)

Balance Sheet

ASSETS

CURRENT ASSETS

Cash in bank	\$ 19,618.08	
Accounts receivable	2,837.08	
Marketable securities — at cost (quoted market value \$176,089)	209,723.22	
Deposit with Government of Ireland	1,500.00	\$233,678.38

MINING CLAIMS

Mining claims held under development licenses in Poirier Township, Quebec, at the value placed upon 300,000 shares of the company's capital stock issued therefor and \$8,000 cash	38,000.00	
Mining claims acquired for cash — at cost	8,062.50	
Other claims — at nominal value	8.00	46,070.50

OPTION TO PURCHASE MINING CLAIMS (Note 1)		20,000.00
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PARTICIPATION IN MINING SYNDICATE — at cost		600.00
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AUTOMOTIVE EQUIPMENT — at cost	3,074.00	
Less accumulated depreciation	614.80	2,459.20

INVESTMENT IN OTHER MINING COMPANIES — at nominal value		1.00
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DEFERRED EXPENDITURE

Exploration	230,190.43	
Administration	40,136.00	270,326.43
		<u>\$573,135.51</u>

The appended notes to the balance sheet are an integral part of this statement.

AUDITOR

To the Shareholders:

I have examined the balance sheet of Jalex Mines Limited as at December 31, 1966 and the statements of surplus, deferred exploration expenditure and deferred administration expenditure for the 8 months ended on that date. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

Toronto, Ontario,
April 7, 1967.

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(Incorporated in the Province of Ontario)

December 31, 1966

LIABILITIES

CURRENT LIABILITIES

Accounts payable

Broker (secured)	\$	2,772.49	
Other		20,706.36	\$ 23,478.85
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SHAREHOLDERS' EQUITY

Capital stock (Note 2)

Authorized — 5,000,000 shares of \$1 each

Issued and fully paid — 3,180,000 3,180,000.00

Less discount 2,643,700.00

536,300.00

Surplus 13,356.66 549,656.66

Approved on behalf of the Board:

E. M. DILLMAN, Director.

J. ROSS, Director.

\$573,135.51

an integral part of the above statement.

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In my opinion, the accompanying balance sheet and statements of surplus, deferred exploration expenditure and deferred administration expenditure present fairly the financial position of the company as at December 31, 1966, and the results of its operations for the months ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

R. WILSON LINTON,
Chartered Accountant.

JELEX MINES LIMITED

Statement of Surplus

For the 8 months ended December 31, 1966

Balance at May 1, 1966		\$29,631.23
Add:		
Gain on sale of marketable securities	\$ 3,413.38	
Dividends received	6,075.74	9,489.12
		<u>39,120.35</u>
Deduct:		
Acquisition costs and exploration expenditure on mining claims abandoned	21,507.40	
Proportion of deferred administration expenditure written off	3,161.02	
Interest expense	1,018.88	
Taxes — Long Lac claims	76.39	25,763.69
Balance at December 31, 1966		<u><u>\$13,356.66</u></u>

Notes to Balance Sheet

December 31, 1966

1. The company holds an option to purchase 20 mining claims in Lesseps Township, Quebec, subject to the payment of \$25,000 on or before November 1, 1967. To exercise the option in full, the company must deliver to the optionor 450,000 vendor shares of a new company to be incorporated.
2. During the 8 months ended December 31, 1966, the company issued 400,000 shares of its capital stock for \$140,000 cash.

JELEX MINES LIMITED

Statement of Deferred Exploration Expenditure

For the 8 months ended December 31, 1966

	Balance, May 1, 1966	Expenditures, May 1, 1966 to Dec. 31/66	Amounts Written Off	Balance, December 31, 1966
General exploration, staking costs and property examinations:				
Galinee Township, Quebec	\$ 32,394.88	\$ 699.00	\$	\$ 33,093.88
Poirier Township, Quebec	30,049.10	640.00		30,689.10
Valrennes Township, Quebec	21,506.40		21,506.40	
Timmins Area, Ontario	25,577.33	150.50		25,727.83
Washington County, Maine	10,999.89	729.16		11,729.05
Gaspe Area, Quebec (Option)	10,792.06	73,228.00		84,020.06
Gaspe Area, Quebec	12,278.02	19,588.64		31,866.66
Gaspe Area, Quebec (Antipodes)		5,312.86		5,312.86
Boisbuisson Township, Quebec		819.00		819.00
18 Mile Brook Area, N.B.		2,515.30		2,515.30
Patapedia Township, Quebec and N.B.		4,416.69		4,416.69
	<u>\$143,597.68</u>	<u>\$108,099.15</u>	<u>\$ 21,506.40</u>	<u>\$230,190.43</u>

Statement of Deferred Administrative Expenditure

For the 8 months ended December 31, 1966


Balance at May 1, 1966		\$ 35,976.55
Directors' fees	\$ 250.00	
Head office services	2,000.00	
Legal and audit	1,537.68	
Transfer agency fees	805.73	
Shareholders' information	1,669.97	
Stock exchange, government fees and taxes	140.00	
Telephone, telegraph and postage	885.97	
Office and general expense	31.12	7,320.47
		<u>43,297.02</u>
Deduct administration expenditures written off to surplus		3,161.02
Balance at December 31, 1966		<u>\$ 40,136.00</u>

JELEX MINES LIMITED

Marketable Securities

December 31, 1966

<u>Number of Shares</u>	<u>Stock</u>	<u>Cost</u>	<u>Quoted Market Value</u>
4,000	Consolidated Mogul Mines Ltd.	\$ 21,100.00	\$ 13,800.00
125	Hudson Bay Mining Co. Ltd.	9,585.94	7,984.38
300	Noranda Mines Ltd.	15,945.00	14,850.00
1,300	Northgate Explorations Ltd.	7,414.87	5,915.00
9,700	Price Company Limited	138,066.25	118,825.00
500	Scott Paper Co.	17,611.16	14,715.00
		<u>\$209,723.22</u>	<u>\$176,089.38</u>



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PLEASE MINOR LISTEN

Madison Avenue
New York 17, N.Y.

Dear Sirs:

Enclosed for your information are two copies of a letterhead memorandum dated and captioned as above. The first copy is for your information and the second copy is for your information and the attention of the Board of Directors.

Very truly yours,

John F. Kennedy